

## **DISABILITY INSURANCE PROGRAM FREQUENTLY ASKED QUESTIONS (FAQ)**

### **Section 4 - General Short Term Disability (STD), Long Term Disability (LTD) and Return to Work Information (Effective May 1, 2014)**

Disclaimer—

If there is any conflict in interpretation between the FAQ's and the Short-Term Disability (STD) and Long-Term Disability (LTD) program contract provisions and existing law, the contract provisions and/or law govern.

**Q 4.0 What happens in the event The Hartford goes out of business? What procedures are in place to handle this if it happens?**

A 4.0 The State is self insured for the Short-Term Disability period and The Hartford is insuring the Long-Term Disability period. In selecting a carrier, one of the criteria used in the (Request for Proposal (RFP)) process was the financial strength of the company. Not only did The Hartford score high in that area, but they have been in business for over 150 years and in the disability business for over 50 years. If, for whatever reason, The Hartford were to go out of business there are procedures in place through the Insurance Commissioner's office to ensure that claims are paid. Every insurance company that writes business in the State of Delaware has to deposit a percentage of the premium into a special trust fund. This fund is used in the event of an insurer defaulting. The State would then select another carrier to cover the LTD portion for the employees that are active.

**Q 4.1 Where can employees view a copy of STD and/or LTD benefit booklet?**

A 4.1 Copies of the STD and LTD benefit booklets are displayed at <http://ben.omb.delaware.gov/disability/index.shtml>.

**Q 4.2 Can employees use time on approved STD and/or LTD claim to meet eligibility for a service pension benefit?**

A 4.2 Yes.

**Q 4.3 Under the Disability Insurance Program, are disability benefit payments decreased for employees collecting payments from a long term care policy?**

A 4.3 Long term care is insurance that typically pays medical bills (i.e. nursing home, etc.) in the event of the need for long term care. It is not typically an income replacement policy. Therefore, there would not be an offset (decrease) in the STD and/or LTD benefit payment.

**Q 4.4 It is understood that STD and LTD benefit payments are taxable. Are the taxes deducted from disability payments or is the employee responsible for paying the taxes?**

**A 4.4** Taxes will be deducted from the benefit in accordance with the employees W-4 form for STD and the directive given to The Hartford by the individual for the LTD payment.

**Q 4.5 If employees receive STD and/or LTD benefits, will this information show on W-2 forms at the end of the year?**

**A 4.5** The STD benefit paid by the State of Delaware will appear on the W-2 form. The LTD benefit paid by The Hartford will be reflected on a 1099 form for miscellaneous income. Both are taxable income as the cost of the program is paid 100% by the State of Delaware.

**Q 4.6 After employment separation, how will Minnesota Life continue to receive premium payments?**

**A 4.6** The State of Delaware will pay the employee's life insurance premium after a six month elimination period as long as the employee is deemed totally disabled by Minnesota Life or until age 65, whichever occurs first for individuals who become totally disabled while enrolled the Minnesota Life GUL program for at least one year. This feature is called "Premium Waiver". Additional information on this valuable benefit is displayed on the Statewide Benefits website at <http://ben.omb.delaware.gov/life/index.shtml>.

**Q 4.7 Is there any change to the State sponsored health care insurance coverage while an individual is receiving Short Term Disability (STD) or Long Term Disability (LTD) benefits?**

**A 4.7** While an employee is receiving STD benefits, the State continues to pay state share or double state share for the employee's medical insurance. The employee share of the insurance premium will be deducted from the employees pay. Premium(s) include all insurance premiums (medical, dental, etc.) paid through payroll deduction.

Before the end of the STD benefit period, The Hartford will send an LTD application to the employee's home to complete and the member's Human Resources Office will send a letter to the employee advising of continued eligibility for enrollment in a health care plan sponsored by the State of Delaware for the initial period of approved LTD benefits. The employee must fully complete the health care enrollment forms and return them to the Office of Pensions for processing in order to continue to be enrolled in a health care plan sponsored by the State of Delaware, with state share or double state share as applicable, upon the commencement of

LTD benefits. Please refer to the Group Health Plan Eligibility Rules posted on Statewide Benefits Office website at [www.ben.omb.delaware.gov](http://www.ben.omb.delaware.gov) for more information on eligibility for enrollment in a health care plan sponsored by the State of Delaware.

- Q      4.8      If an employee is receiving Workers' Compensation (WC) benefits due to an injury that occurred at work, does the employee have to file for Short-Term Disability (STD) benefits?**
- A      4.8      Yes.** Delaware legislators created the Workers' Compensation statute (Title 19, Chapter 23 of the Delaware Code). This statute provides benefits to workers who are injured or who contract an occupational disease while working. The benefits include medical, disability payments and compensation for injuries with permanent impairment. Disability benefits (lost wages) are paid based on 66 2/3% of the average weekly wage. The calculation to determine the average weekly wage is determined by taking the average of the 26 weeks wages prior to the date of the incident. The weekly compensation rate shall not be more than the maximum or minimum per week as announced by the Secretary of the Department of Labor. By filing for STD benefits, the employee will receive up to 75% of pre-disability creditable earnings including hazardous duty pay, if applicable. The employee may use available annual leave, sick leave, compensatory time or donated leave to bring the 75% STD benefit payment up to 100% of pre-disability base salary.

Questions?

Please contact the Statewide Benefits Office Customer Service Unit by telephone at (302) 739-8331 or (800) 489-8933 or by email at [benefits@state.de.us](mailto:benefits@state.de.us).